

William P. Eskdale  
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B B W S F  
12.11.98



**CIGNA Property  
& Casualty**

January 23, 1998

TLP-19  
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Michael Lichtenstein, Esq.  
Lowenstein, Sandler, Kohl, Fisher & Boylan  
65 Livingston Avenue  
Roseland, NJ 07068-1791

Re: Policyholder: Marmon Holdings/The Pritzker Interests.  
Site: Bunker Hill/Coeur d'Alene Basin  
Claimant: Coeur d'Alene Tribe, United States  
Our File: 717 L 036233-X

Dear Mr. Lichtenstein:

This letter is a follow up to my letter of December 11, 1997 addressing the same matter, but under the assumption that your tender letter indicated the policyholder was RegO Company. Please be advised that to date we have located three policies of the group of policies identified in your tender letter. We have located these policies identifying the named insured as either The Pritzker Interests or Marmon Holdings:

ZCX 006384	effective 10/1/82-83
ZCX 006730	effective 10/1/83-84
ZCX 007380	effective 10/1/84-85
XCP 156737	effective 10/1/84-85

Should you require copies of these policies I shall be happy to forward them to you.

Please note that policy ZCX 007380 and XCP 156737 are following form excess certificates of insurance, the policy to which they specifically follow form is National Union Fire Insurance Company policy BE 1339366, which contains the following pollution exclusion in its manuscript:

This policy does not apply:

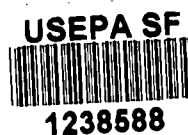
5. To the contamination of the environment by pollutants that are at any time introduced anywhere into or upon the land, the atmosphere or any watercourse or body of water;

(a) intentionally by or for you;

(b) through a gradual emission, discharge, release or escape from any source; or

Any bodily injury or property damage arising out of such contamination.

LS 003871



GRP "R" CDA dm - 0319

Gradual emissions include leaks, drips, seepages, oozing or leaching, and diffusion, infiltration or permeation.

Contamination includes any unclean, unsafe or unhealthful condition arising out of the presence in the environment of pollutants, whether permanent or transient.

The environment includes land, bodies of water, underground water or water table supplies, air and any other natural feature of the earth or its atmosphere, whether or not altered developed or cultivated.

Pollutants include smoke, vapors, soot, fumes, acids, alkalis chemicals, liquids or gases, thermal pollutants, and all other irritants or contaminants.

With respect to bodily injury or property damage included in the products-completed operations hazard this exclusion applies only to the pollutants:

- (a) enter the environment directly from premises you own or rent; or
- (b) are handled, treated or disposed of as wastes by or for you.

If this exclusion is a part of the underlying policy as it appears to be and should Century Indemnity Company be called upon to indemnify Marmon Holdings for this claim under excess policy ZCX 007380 or excess policy XCP 156737, this endorsement is likely to apply to bar coverage. We also call to your attention that these policies are very high excess policies with quota share participation in their respective layers. The lowest attachment point is in excess of \$101,000,000. Therefore, some question arises as to whether liability sufficient to trigger such policies is likely.

Policies ZCX 006384 and ZCX 006730 are also very high excess policies. The attachment point for policy ZCX 006384 is in excess of \$70,000,000 and for ZCX 006730 the attachment point is in excess of \$200,000,000. These two policies are also following form excess certificates with pollution exclusions which preclude coverage for all pollution claims with the exception of those incidents "caused by a sudden, unintended, unexpected happening during the period of this insurance."

At this time we are continuing our searches for the following alleged policies:

ZCX 006161	allegedly effective 2/1/82 to 10/1/82
ZCX 008570	allegedly effective 10/1/85 to 10/1/86
XCC 016848	allegedly effective 10/1/85 to 10/1/86

Please be advised that we continue to reserve all of our rights and defenses as previously outlined and we look forward to receiving more information about this matter as we have previously requested.

Sincerely yours,



William P. Eskdale

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LS 003872